

Senate Study Bill 3141 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON RIELLY)

A BILL FOR

1 An Act relating to funding for Iowa roads, including by
2 increasing the excise tax on motor fuel and special fuel
3 used in motor vehicles, providing for the use of certain
4 revenues, providing for related studies, evaluations, and
5 reports, and including effective date provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I
MOTOR FUEL TAX

Section 1. Section 312.2, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 21. *a.* The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the TIME-21 fund created in section 312A.2 the revenue accruing to the road use tax fund from the excise tax on motor fuel and special fuel for motor vehicles in the amount equal to the revenues collected as follows:

(1) For the period beginning January 1, 2013, and ending December 31, 2013, the following amounts:

(a) The amount of excise tax collected under section 452A.3, subsection 1A, paragraph "b", from five cents per gallon.

(b) The amount of excise tax on special fuel for diesel engines of motor vehicles collected under section 452A.3, subsection 3, paragraph "a", subparagraph (2), from five cents per gallon.

(2) Beginning January 1, 2014, the following amounts:

(a) The amount of excise tax collected under section 452A.3, subsection 1A, paragraph "c", from ten cents per gallon.

(b) The amount of excise tax on special fuel for diesel engines of motor vehicles collected under section 452A.3, subsection 3, paragraph "a", subparagraph (3), from ten cents per gallon.

b. This subsection is repealed June 30, 2028.

Sec. 2. Section 452A.3, subsection 1A, Code 2011, is amended to read as follows:

1A. Except as otherwise provided in this section and in this division, after June 30, 2012, the following excise tax rates shall apply:

a. For the period beginning July 1, 2012, and ending December 31, 2012, an excise tax of twenty cents is imposed on each gallon of motor fuel used for any purpose for the

1 privilege of operating motor vehicles in this state.

2 b. For the period beginning January 1, 2013, and ending
3 December 31, 2013, an excise tax of twenty-five cents is
4 imposed on each gallon of motor fuel used for any purpose for
5 the privilege of operating motor vehicles in this state.

6 c. Beginning January 1, 2014, an excise tax of thirty cents
7 is imposed on each gallon of motor fuel used for any purpose
8 for the privilege of operating motor vehicles in this state.

9 Sec. 3. Section 452A.3, subsection 3, Code 2011, is amended
10 to read as follows:

11 3. a. For the privilege of operating motor vehicles or
12 aircraft in this state, there is imposed an excise tax on the
13 use of special fuel in a motor vehicle or aircraft. ~~The~~

14 (1) Prior to January 1, 2013, the tax rate on special fuel
15 for diesel engines of motor vehicles is twenty-two and one-half
16 cents per gallon.

17 (2) For the period beginning January 1, 2013, and ending
18 December 31, 2013, the tax rate on special fuel for diesel
19 engines of motor vehicles is twenty-seven and one-half cents
20 per gallon.

21 (3) Beginning January 1, 2014, the tax rate on special fuel
22 for diesel engines of motor vehicles is thirty-two and one-half
23 cents per gallon.

24 (4) The rate of tax on special fuel for aircraft is three
25 cents per gallon.

26 (5) On all other special fuel, unless otherwise specified in
27 this section, the per gallon rate is the same as the motor fuel
28 tax.

29 b. Indelible dye meeting United States environmental
30 protection agency and internal revenue service regulations must
31 be added to fuel before or upon withdrawal at a terminal or
32 refinery rack for that fuel to be exempt from tax and the dyed
33 fuel may be used only for an exempt purpose.

34 DIVISION II

35 ROAD FUNDING NEEDS — EQUITABLE SOLUTIONS

1 Sec. 4. Section 307.31, Code 2011, is amended to read as
2 follows:

3 **307.31 Periodic review of revenues — evaluation of**
4 **alternative funding sources.**

5 1. The department shall periodically review the current
6 revenue levels of the road use tax fund and the sufficiency of
7 those revenues for the projected construction and maintenance
8 needs of city, county, and state governments in the future.
9 The department shall submit a written report to the general
10 assembly regarding its findings by December 31 every five
11 two years, beginning in ~~2011~~ 2013. The report may include
12 recommendations concerning funding levels needed to support the
13 future mobility and accessibility for users of Iowa's public
14 road system.

15 2. The department shall evaluate alternative funding
16 sources for road maintenance and construction and report to
17 the general assembly at least every five two years on the
18 advantages and disadvantages and the viability of alternative
19 funding mechanisms. The department's evaluation of alternative
20 funding sources may be included in the report submitted to the
21 general assembly under subsection 1.

22 Sec. 5. NEW SECTION. **307.32 Operation, maintenance, and**
23 **improvement of state roads — annual review.**

24 The department shall convene a meeting, at least annually,
25 of representatives of Iowa cities and counties and the
26 department to review practices relating to the operation,
27 maintenance, and improvement of the state's public road system
28 and to identify ways to jointly increase the efficiency of
29 those practices.

30 Sec. 6. **ALTERNATIVELY FUELED, HYBRID, AND HIGH FUEL**
31 **EFFICIENCY VEHICLES.** The department of transportation shall
32 evaluate mechanisms that could be used as an alternative
33 to the motor fuel tax in relation to alternatively fueled,
34 hybrid, and high fuel efficiency vehicles, including commercial
35 vehicles, to assure that owners and operators of those vehicles

1 are required to share in the cost of maintaining, operating,
2 and improving Iowa roads. The department shall recommend an
3 alternative funding mechanism in its next report to the general
4 assembly regarding alternative funding sources for roads as
5 required under section 307.31.

6 Sec. 7. EQUITABLE FEE STUDY. The department of
7 transportation shall conduct a study to determine whether
8 the various types of vehicles and equipment using the public
9 roadways are paying equitable fees used for the construction
10 and maintenance of Iowa roads. The department shall report
11 its findings and any recommendations to the general assembly
12 by June 30, 2012.

13 Sec. 8. EFFECTIVE UPON ENACTMENT. The following provision
14 of this Act, being deemed of immediate importance, takes effect
15 upon enactment:

16 1. The section of this Act relating to an equitable fee
17 study to be conducted by the department of transportation.

18 EXPLANATION

19 This bill contains various provisions relating to the
20 funding of Iowa roads.

21 DIVISION I — MOTOR FUEL TAX. The bill increases the excise
22 tax on motor fuel and special fuel used in motor vehicles by
23 five cents beginning January 1, 2013, and by an additional
24 five cents beginning January 1, 2014. The additional revenues
25 shall be credited to the TIME-21 fund, subject to the statutory
26 limitation on annual deposits to that fund. After the repeal
27 of the TIME-21 fund on June 30, 2028, the revenues will accrue
28 to the road use tax fund.

29 DIVISION II — ROAD FUNDING NEEDS — EQUITABLE SOLUTIONS.
30 Under current law, the department of transportation is required
31 to periodically review current road use tax fund revenues
32 and the sufficiency of those revenues to meet projected
33 construction and maintenance needs of cities, counties, and the
34 state and submit a report of its findings and recommendations
35 to the general assembly every five years. The bill requires

1 more frequent reports, every two years. In addition, the
2 department is currently required to report to the general
3 assembly at least every five years regarding the viability of
4 alternative funding mechanisms for roads. The bill requires
5 the report on alternative funding mechanisms be made at least
6 every two years.

7 The bill requires the department to convene a meeting of
8 representatives of Iowa cities, counties, and the department at
9 least annually to review practices relating to the operation,
10 maintenance, and improvement of the state's public road system
11 and identify ways to jointly increase efficiency.

12 The bill requires the department to evaluate and recommend
13 mechanisms to be used as an alternative to the motor fuel tax
14 for alternatively fueled, hybrid, and high fuel efficiency
15 vehicles including commercial vehicles. The department's
16 recommendations are to be included in its next periodic report
17 to the general assembly regarding alternative funding sources.
18 That report is due by December 31, 2013.

19 The department is also required to conduct a study to
20 determine whether the various types of vehicles and equipment
21 that use the public roadways are paying equitable fees in
22 support of Iowa roads. The department shall report its
23 findings and any recommendations to the general assembly by
24 June 30, 2012. This provision of the bill is effective upon
25 enactment.